

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: MPOL, NATO, UK
SUBJECT: UK DEFENSE CUTS

REFERENCE: USNATO 6868

1. AS WASHINGTON AWARE, ACTUAL BUDGET CUTS IN HEALEY'S PACKAGE WILL BE 100 MILLION POUNDS IN 1977-78 AND 230 (NOT 200) MILLION IN 1978-79. THE EXTRA 30 MILLION IN THE LATTER FIGURE REPRESENTS A PREVIOUSLY PROGRAMMED CUT AS PART OF A PUBLIC EXPENDITURE REVIEW DUE TO BE PUBLISHED EARLY NEXT YEAR. WORKING LEVEL CONTACTS IN THE MINISTRY OF DEFENSE TELL US THEY DO NOT YET KNOW FOR SURE HOW THE CUTS WILL BE APPLIED.

2. ARTICLES ON THE DEFENSE CUTS ARE CONTAINED IN THE THREE QUALITY LONDON NEWSPAPERS THIS MORNING. BOTH STANHOPE IN THE TIMES AND RUTHERFORD IN THE FINANCIAL TIMES POINT OUT THAT 98 PERCENT OF BRITAIN'S EXPENDITURE IS TIED IN SOME WAY TO NATO COMMITMENTS, AND THAT IT IS INEVITABLE THAT THESE COMMITMENTS WILL BE AFFECTED. BOTH WRITERS ALSO MAKE THE POINT THAT WHILE THE 100 MILLION CUT CAN BE ABSORBED BY A NUMBER OF SMALL ECONOMIES ESPECIALLY IN THE WORKS AND SUPPORT SERVICES,
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IT IS THE 230 MILLION CUT THAT PROVIDES THE REAL CONCERN.

STANHOPE WRITES THAT MANPOWER CUTS ARE NOT RULED OUT.
RUTHERFORD STATES THAT THE MOD MUST REVIEW EVERY ASPECT
OF DEFENSE EXPENDITURE, INCLUDING THE MRCA PROGRAM AND
ANTI-SUBMARINE CRUISERS, AS WELL AS THE SIZE OF THE
ARMED FORCES, AND THAT "THIS WILL MEAN THE CLOSEST
POSSIBLE CONSULTATIONS WITH NATO."

3. IN THE GUARDIAN DAVID FAIRHALL WRITES THAT THE CUTS
REPRESENT A NEATLY ARITHMETICAL SHARE OF THE CUTS PACKAGE
AND THAT THE SERVICE CHIEFS HAD OBJECTED TO THE PRIME
MINISTER "NOT SO MUCH IN A RESIGNING MOOD AS IN ONE OF
RESIGNATION." HE CONCLUDES THAT THE MOD WILL GO THROUGH
THE PROCESS OF CONSULTING NATO TO FIND WAYS OF CUTTING
WITH THE "LEAST MILITARY DAMAGE", BUT THAT "AS FAR AS
NEXT YEAR'S CUT IS CONCERNED THIS WILL BE NO MORE THAN
A FORMALITY."

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